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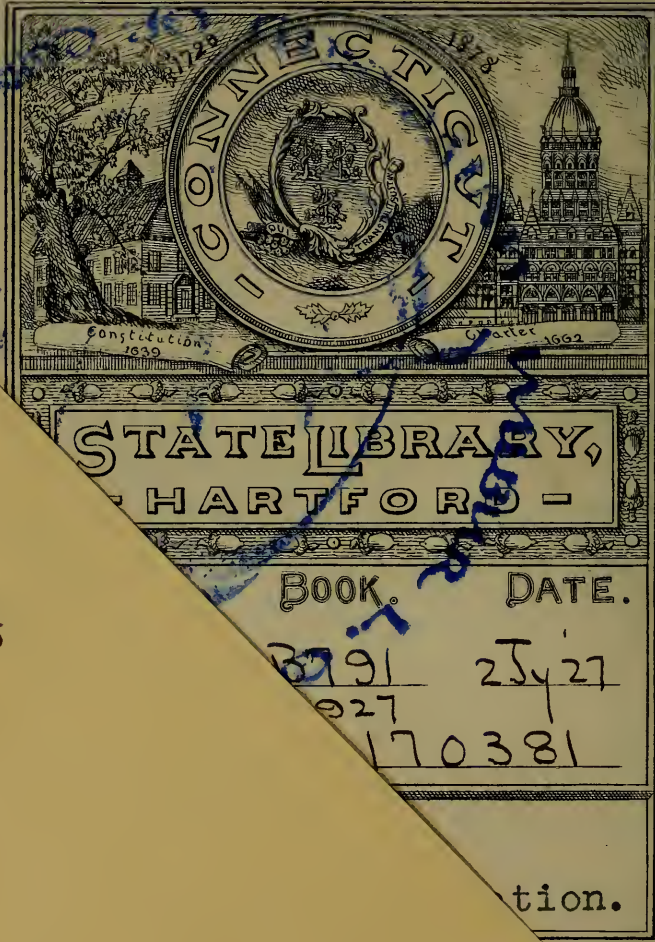
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Brooks-Bryce Anglo-American prize



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The Year is  
1996. The date is  
April 12:

I am a student  
at the University of CT.

I wonder if anyone  
will ever open this  
book and see this message.  
As it like a time capsule,  
don't ya think?

It is good but I  
not see how much  
more of it I  
can take.



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BROOKS-BRYCE  
ANGLO-AMERICAN  
PRIZE ESSAYS-1927

with an introduction by  
HERBERT ADAMS GIBBONS

~~Discarded~~ CSL

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## N O T E

**T**HE following essays are those to which Dr. Josiah H. Penniman, Provost of the University of Pennsylvania, awarded the first, second and third prizes in "THE BROOKS-BRYCE ANGLO-AMERICAN INTERSCHOLASTIC PRIZE ESSAY CONTEST" for 1927. They are the unaided efforts of the authors and are published as originally written. The Brooks-Bryce Foundation, therefore, assumes no responsibility for the opinions expressed therein.

To the winner of the first prize is given a return trip ticket to Great Britain, a Letter of Credit for £100, and arrangements are made in Great Britain for his special entertainment by those interested in the movement there. Suitable prizes are also awarded to those writing the second and third best essays.

This is the last time these essays will appear under the Brooks-Bryce name as it has been decided to change the corporate title of the Foundation to Brooks-Bright as soon as a suitable Act is passed by the New York Legislature.

~~170381~~

The reason for doing this is because certain modifications of the Charter are deemed wise and to pay tribute to John Bright, "The Great Commoner," an advocate of democracy and who is perhaps the most outstanding figure in Anglo-American relations and America's best friend in her time of need. He was instrumental in keeping America and Great Britain at peace during the strained diplomatic relations of the Civil War.



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AT HARVARD UNIVERSITY  
CAMBRIDGE, MASS.

## INTRODUCTION

THE third year of The Brooks-Bryce Foundation prize essays has been distinctly encouraging. Interest in the competition was keen. The papers turned in did credit to all the schools. It is no small thing to have the minds of boys and girls who will some day be the leaders of the nation turned upon the subject chosen this year. Nothing could be more timely than raising the question of the effect of the ramifications of international trade and commerce upon the political relations between the United States and the British Empire. How earnestly and thoughtfully the competitors have worked can be judged by the quality of the three essays in this little volume.

As we think so we are. When the American people learn to think rightly in international relations, our attitude toward other nations will be such that many present causes of misunderstanding and friction will disappear. During the first century and a half of our national existence, we Americans have not always gotten along to-

gether as well as we should and might have done with Britons of the Mother Country and her Dominions. The very fact that we are essentially of the same family has been responsible more than once for strained relations. And now, in the twentieth century, the United States has gone ahead of Great Britain in amassing surplus wealth for investment abroad. In the New World we have also developed what we never had before, an agricultural and industrial output in excess of the consuming capacity of home markets. The World War was responsible only for hastening what would have inevitably happened in the course of time. Are we prepared, on both sides of the Atlantic, for the new situation?

While the United States and the British Dominions were engaged in developing their internal resources, Great Britain led the European nations in combating the world for raw materials and in finding and developing world markets. The resultant competition and rivalry in Africa and Asia and in the Pacific did not interest us or seem to affect us. We had more than we could do at home, and our prosperity was created within our own borders. But now we are entering into the maelstrom of international trade and commerce. The "open door"

appears to us no longer as an academic theory but as a policy that has to do with our prosperity in the years to come.

It is imperative that the new generation should begin now to consider the new conditions confronting international relations. Great good is bound to come from approaching the problem with the determination that it be solved with the constant thought in mind of maintaining the traditional friendship between ourselves and the British Empire. Our polity and jurisprudence, our culture and ideals, form a precious heritage that has come to us from Great Britain. This heritage has been preserved and fostered through close and friendly relations with those of whom we are really still a part.

It is a good augur for the future, of which these essays are witness, that American school boys and girls realize, as do their elders, the significance and the importance of the ties that bind us to the British Empire. We need to think soberly and objectively in these days of stress. But who shall blame us for wanting to carry into the future the glory and the richness of the past?

HERBERT ADAMS GIBBONS.

*Princeton, N. J.,  
May, 1927.*



## **SUBJECT OF 1927 ESSAYS**

**“To What Extent Do the Ramifications  
of International Trade and Commerce  
Affect the Political Relations Between the  
United States of America and the British  
Commonwealth of Nations?”**





EDWARD C. CURNEN, JR.



## THE WINNING ESSAY

By EDWARD C. CURNEN, JR. of *Yonkers, N. Y.*

*A Student at The Hill School*

THE United States of America and the British Empire, both sprung from the same race, representing the same fundamental theories of democratic government, inspired by the same ideals, and moved by the same principles of liberty, have, as a result of the World War, attained preëminence as world powers. This fact, though not necessarily an indication of their superiority, is, nevertheless, a coincidence of most significant import. The United States as a creditor to the rest of the world and with a favorable trade balance of some seven hundred and fifty million dollars per annum has the brightest prospects for the immediate future of any nation in contemporary history. Great Britain, though more seriously affected by the war with its subsequent social and economic disruption than the United States, has suffered far less than her other pre-war competitors, notably Germany, and, therefore, maintains even more securely the

dominant position among the nations of the world which she has long enjoyed.

Coming at a time when the world is experiencing a degree of civilization rarely before attained, such a coincidence of racial influence is a far more significant manifestation of power and development than may at first be comprehended. Merely to state that war between these two nations would result in the overthrow of both combatants and seriously endanger the present state of civilization is a far too summary dismissal of a truth of such stupendous and awful dimensions as to lie beyond the ordinary powers of human comprehension. The very possibilities, however remote, of a conflict so tremendous, so futile, so inevitably catastrophic in consequences, must demand that such a conflict be avoided at any cost.

Popular sentiment, however fervent and common to the people of both nations, can never be the sole agent for maintaining mutual accord. Disputes must inevitably continue to arise, and national reactions will infallibly result. Nor can the maintenance of armed forces ever serve as other than a most undesirable means of settling international controversies and of thereby promoting the very conditions which they had

been established to avert. Diplomatic or arbitral methods have always been made an excuse for objectionable legislation, and have become, as a result, the cause of popular misunderstanding and international ill-will. There is but one reasonable and feasible course which remains. This is a thorough and impartial study of the frictional points which exist between the two countries, and a whole-hearted and coöperative attempt to relieve them.

The question immediately arises, what are the frictional points? To determine this satisfactorily, let us refer to the periods when Anglo-American discord has prevailed, and examine briefly what caused this condition to exist. We ascertain on investigating that the seed of the American Revolution is not to be found in the hue and cry over taxation without representation, but in the Navigation Acts, passed over a hundred years previous to the "shot heard 'round the world," acts which restricted the Colonies' shipping to England alone, thereby checking the normal profit and expansion of American foreign trade. Trade then, we may say, was one of the fundamental, if indirect, causes of the Revolutionary War. Again, it was America's trading with France, at a time

when the malignant power of Napoleon made the colonial exploits indispensable to England's welfare, that caused England to prey on American vessels and to receive that young country's vigorous, almost fanatically jealous, retaliation in the War of 1812. Furthermore, when the slogan "54-40 or fight" was stirring the American people to renewed manifestations of their fierce patriotism, the fur trade of the great northwest was the prize at stake; and when, in the Civil War, Northerners ranted against the partiality of Great Britain for the South, silent mills and hundreds of thousands of English unemployed were sufficient testimony that the cotton trade was the crux of the situation. Even the World War, where Great Britain and America first fought as allies in a common cause and which many of us are accustomed to regard as the result of a tyrant's efforts to dominate the earth, was but the last desperate means to which Germany could resort in an effort to obtain the expansion requisite to the furtherance of her industrial developments.

At present the Rubber Monopoly, the High Tariff, War Debts, Shipping and Subsidies afford abundant sources for international controversy, and more than ample possibilities for

serious discord. In the case of the lesser powers, the gravity of the situation is enhanced by the additional complications of suspicion, jealousy, and bitter prejudice. These controversial points are all irrefragably connected with the ramifications of international trade. Thus it is completely within the limits of verity to state that trade predominates as a subject of international dispute, not only between the United States and Great Britain, but among the other nations of the world as well. We find trade cherished and protected by nations as men cherish and protect their very lives. It is, truly, as it has been called, "the life-blood of a nation."

However, before it is possible to realize to what extent the ramifications of international trade affect the political relations between the United States and Great Britain, it is necessary to understand clearly the economic program which each nation has adopted. That of the United States is one of almost complete protection, a system by which the imposition of extremely high tariffs on specific imports makes extensive foreign competition economically prohibitive. Diametrically opposed to this in principle is the British plan favoring free trade and

world markets. Let us pause for a moment to examine the standpoints more minutely.

Great Britain's policy is one of sheer expediency, demanded by her distribution of territory and lack of concentrated resource versatility. It must be clearly understood, however, that, though this policy applies chiefly to the British Isles proper, it is, nevertheless, characteristic of the whole Empire, for, though most of the self-governed colonies such as Canada, Australia, and New Zealand, have adopted protective measures, they are purely temporary, and, furthermore, favor British trade with a preferential tariff reduction of approximately thirty-three per cent. In addition, since our discussion is one which involves only commercial and political relations between the United States and Great Britain, we have regarded the policy of the British Isles and London, the nation's capital and financial center, as representative of the whole Empire.

Great Britain, and England in particular, has not sufficient resources to supply even the barest necessities of life to her over-abundant population. This constitutes an artificial economic situation which demands that she bring into the

country for even the maintenance of her national existence more wealth than is hers to command.

The question immediately arises, to what then does Great Britain owe her commercial superiority? The answer is, to her "invisible exports," her independent international trade. She has made herself the world's greatest shipping agent and the world itself her market. She buys where costs are lowest and sells to the highest bidder. The complete domination she enjoys in this field is revealed by comparative figures. The trade totals for the leading nations of the world in the year 1925 expressed in units of a million dollars is as follows:

Great Britain . . . .	11,114
United States . . . .	8,688
France . . . . .	4,259

Thus Great Britain's trade has a margin of close to one-third her total over the United States and is almost threefold that of her nearest other competitor.

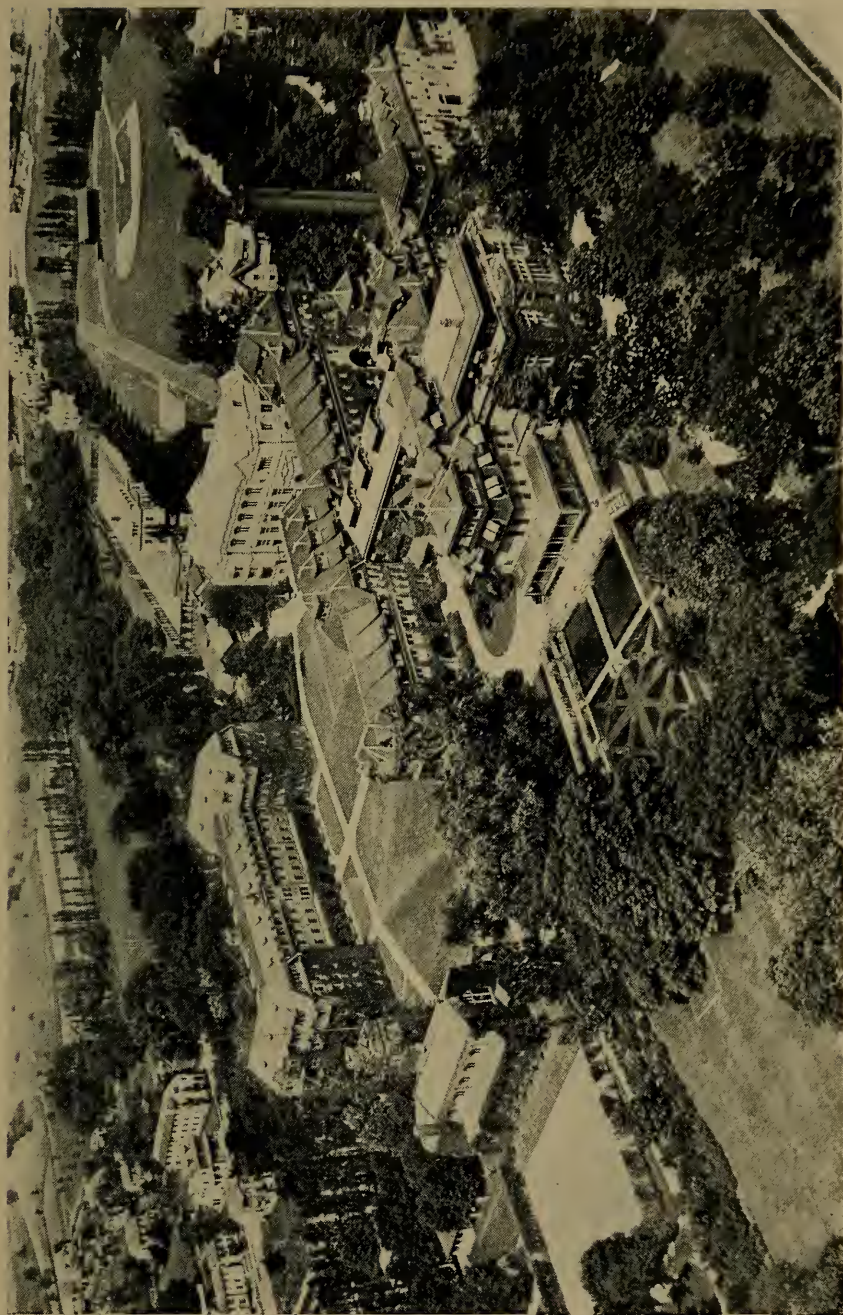
It is obvious then, that opulent and insatiable markets are indispensable factors in the success of such a policy. The war, by eliminating competition, has awarded Great Britain the greatest



buying possibilities the world has ever known; but that same indiscriminating elimination which so favorably served her thus has left but two markets sufficiently wealthy or extensive to receive her wares. These comprise her own colonies and the continents of America. Inter-colonial trade, while perhaps affording a more convenient distribution of wealth, does not increase it. And we have demonstrated previously that it is imperative for Great Britain to acquire by trade more wealth than her natural resources yield. America, therefore, is her only alternative.

The United States, however, the most prized market of the New World, is, due to its stringent protective restrictions, not readily accessible to British trade. The American policy has ever been one of complete independence. Her resourceive versatility has always been a means toward accomplishing this end, for America can supply to advantage, that is, at a minimum cost, far more raw materials superior in quantity and quality than any other nation in the world. On the other hand there are many indispensable manufactures which she produces at a disadvantage; industries which, if exposed to foreign competition, could not possibly sur-





THE HILL SCHOOL, POTTSTOWN, PA.

vive. It was to protect these that the United States adopted her present policy. The result is clearly manifest in the development of our motor industry, which in its infancy could never have withstood European underbidding but which now dominates the entire world. Thus, briefly, the American policy, in discouraging importing by means of protective tariff regulations, develops industrial expansion and tends to establish the United States on a firm independent commercial basis.

We have previously demonstrated that, in the past, international trade, particularly the trade between the United States and Great Britain, has been an integral factor in every dispute which has ever arisen between the two countries, and, therefore, has vitally affected their political relations. Henceforth let us attempt to ascertain the extent to which the ramifications of international trade now affect these relations or may affect them within the near future.

To broach this phase of the subject from an American point of view, it is immediately apparent that for further expansion in her leading industries new and greater markets are imperative. Today the five foremost exports of the United States comprise raw cotton, mineral oil

products, machinery, wheat, and vehicles. With the rapid increase of population and the constant encroachments of industrial progress on agricultural territory, the supply of wheat will soon be required in its entirety for domestic consumption, and the exportation of raw cotton will be tremendously diminished. Finally, with the definite limitations which experts have declared exist in the mineral oil supply, and with the importance of the role which it plays in the world today, it is in no wise unreasonable to expect that within the near future its exportation will be rigorously curtailed.

Hence, among the foremost exports of the United States, the two items which come under the category of manufactures and may be considered as on the increase are vehicles and machinery. It has already been pointed out that America is England's most prized market. Reciprocally, the United States looks to Great Britain and her colonies for the markets which are an essential means of maintaining her present industrial supremacy. These markets are to be found principally in Great Britain's colonial possessions, where agriculture thrives and demands modern facilities for development,

but where industry is in its infancy and finds itself incapable of making up the deficiency.

Extensive exportation demands tremendous foreign investment, and, where credit is found to be good, has a tendency to result in heavy capitalization. In this matter of foreign investment, the generous credit reciprocity between the United States and Great Britain has ever been considered by each as a source of mutual pride and an individual trust to be maintained jealously inviolate. We know of no more striking illustration of how well founded is the faith of American capitalists in British honesty than in the splendid manner in which Great Britain assumed the responsibilities of her war debt.

At present, American capital is fostering British industries and trade units throughout the Empire, and British financial backing is performing the same function in the United States to a far lesser extent. Great American corporations, for example, the Victor Talking Machine Company, the United States Tire Company, and the General Motors Corporation, operate abroad and in Canada to the advantage of their American financial supporters; and British industries, for instance, the recently established American



branch of the Rolls-Royce Company, function similarly in the United States.

However, though such reciprocal capitalization may not affect the political relations between the two countries on the score of each other's credit, it involves far greater consequences which neither nation can well afford to overlook. If, according to the last Imperialistic Conference at London, each self-governed dominion of the Empire should be granted its independent status, individual commercial treaties between the United States and some of these dominions would be of vast mutual advantage, and might, as a consequence, ensue.

To say that such treaties would not necessarily affect Anglo-American political relations would be a statement as totally barren of truth as it would be abundant in unwarranted optimism. Such treaties, with a practical purpose in view, must subordinate sentiment to a thoroughly practical commercial understanding in which impartiality could never be a factor. Certain of the dominions, Canada being the outstanding example, would receive better terms because of the fact that they could give better terms in return. Such reciprocal commercial discrimination is not partiality but economy.

The undesirable effect of this on the unfavored dominions would, however, be undiminished by such an explanation. To these dominions, bigotry and trade jealousy would cause the merely negative quality of being unfavored, to assume the potentialities of prejudice and opposition. As a result, the United States might be confronted in these quarters by boycotting, trade interference, and even the menace of armed protest at which Great Britain in the role of mother-country might feel obliged to participate.

To be sure, these colonies are at present dependent on Great Britain for both martial and financial support. And yet, with the abundance of American capital which has been invested in Great Britain's colonies, there is no reason why the dependence in financial affairs, at least, should not revert to the United States. Indeed, should the trade between America and any British colony develop unhampered to any marked degree, such financial dependence on the part of the colony could be the only final result.

It is obvious that Great Britain would oppose and do all in her power to check any such evolution of political and trade relations as have

been set forth as possible developments arising from the present situation. It is equally certain that the colonies to whom a closer alliance with America would be unprofitable and, therefore, undesirable, would lend their support to the mother-country in any manner necessary for the preservation of national unity. Finally, perhaps overshadowing all other possible causes of friction, is the ever increasing rivalry between the United States and Great Britain for trade control in the great neutral markets of the world, particularly South America.

Such possibilities of political discord between the United States and Great Britain are but a few of the many to which the ramifications of merely Anglo-American trade may at any time give rise. The imminent gravity of the situations we have discussed makes further investigation superfluous, but demands that coördinate action on the part of the United States and Great Britain be taken immediately as a precautionary measure against a political rupture which we have already shown would be universal in its destruction.

Let us not be blinded in our estimation of true values, and place false emphasis on the significance of Anglo-American patriotism.

Sentiment is a fickle mistress at best, and is swayed always by the passing breeze of weightier influences. The clear-cut impersonal business policy of the United States in holding France to a just and honest debt has evoked that nation's bitterest resentment. The cry of "Lafayette, we are here," which ten years ago aroused in France felicitous and tearful expressions of gratitude, now rankles in her breast, and moves her to treat her benefactor with popular hatred and grovelling diplomacy.

Though, to be sure, the sentimental ties which bind the United States to Great Britain are, due to the common source, mutual respect, and similarity of interests between these countries, of far broader significance than those which ally her to France, they have, nevertheless, been exaggerated beyond all bounds of truth and reason.

The United States and Great Britain being essentially commercial powers, the two greatest in the world today, their final judgment of each other will be based on purely business calculations. Obviously, then, trade is foremost in the consideration of both, the greatest medium for establishing happier relations, the most salient point likely to produce friction. Other influ-



ences, be they racial, sentimental, martial or what-not, all are of trivial importance when compared with this one. It is needless to point out the extent to which the less fortunate and weaker nations of the world now look to the United States and Great Britain for aid and inspiration; it is unnecessary to re-state the certitude of direct calamity in which conflict between these two countries must infallibly result. An assurance of perpetual unanimity between the United States and Great Britain would be the greatest single benefit to Christian civilization and the longest stride toward permanent world peace possible today. The surest, and, for that matter, the only means to such an end is through trade channels.

Previously, we have advocated as a method to accomplish this, the removal of frictional points, an end which can be achieved only by a program of sympathetic and reciprocal concession, characterized by impartial delicacy, and based upon the traditional Anglo-American principles of absolute fair dealing. To discuss this phase of the situation further is both irrelevant to the theme and incompatible with our ability.

It remains for us to say, only, that so long as the United States and Great Britain can retain mutual admiration and confidence in their commercial and financial interests, their political relations can not be otherwise than most auspicious, and the vast effect which the ramifications of international trade exert, influenced and inspired by their example, will be of benefit, not only to themselves, but to the entire Christian world.





HENRY H. WARD, JR.

## THE ESSAY AWARDED SECOND PRIZE

*By* HENRY H. WARD, JR. *of New Haven, Conn.*

*A Student at the Hopkins Grammar School*

IN view of the limits of this paper and the breadth of the subject, it seems well to discover whether correct conclusions may not be reached by concentrating a study of the subject upon a few typical and principal items of trade. I believe that trustworthy conclusions can be reached in this manner, and I consider it well to state in the beginning that, having used this method, my conclusion is that, while the ramifications of trade between the two countries have occasionally caused temporary stress and friction, the result in the long run has been for more complete, friendly and permanent understanding between the two nations.

After a careful consideration of the political and commercial relations between the two countries during the lapse of something over a cen-

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NOTE—The statistics in this paper and the authority for many statements are taken from papers presented at a meeting of the Academy of Political Science in the City of New York, May 10-14, 1926.

tury, it appears that the only questions which have brought the two countries to the breaking point or near it have been matters of national honor, or broad national policy, or territorial questions not directly connected with trade. The War of 1812 was not fought because the British interfered with our foreign trade, but rather because the British held a high disregard of American rights upon the high seas. Again when a new break was threatened, it was because of the North Western boundary dispute (1794-1847) with its accompanying menacing cry, "Fifty-four forty or fight."

Another cause for dispute was the question of the Venezuelan Boundary. As involving the Monroe Doctrine this was considered serious and led to what was practically an ultimatum on the part of President Cleveland (1895).

During the long period covered by these events we have been, at all times, in active trade with Great Britain and while we have been maintaining a protective tariff, not at all to the liking of our sister country, she has been on a practically free trade basis. There have been various conditions of trade and commerce (and their sister, transportation), with their questions of port dues and commerce regulations, which have

been constant causes of friction in one way or another. Although these causes of friction existed, they did not result in any break or even threatened break, but instead, both countries went about it with a good will to try to resolve these difficulties. Excellent examples are shown in the settlement of the Seal Fisheries dispute, the final move in this having been made by Secretary Knox just before he left office, and in the Panama Tolls question, which, after passing through diverse stages, was finally settled to the satisfaction of both countries.

The items of trade between the two countries are so numerous and so various in their importance to the two countries that it would seem that a fair conclusion might be reached by seeking to find which items stand out first: in the matter of total value, and, second, in their actual importance to the two countries.

First, then, we shall take up two principal raw materials, for one of which each nation depends upon the other; cotton and rubber. America is the largest cotton producing country in the world and, as yet, no nation appears to challenge her position. The formation of an association for the promotion of cotton growing in the British Colonies does not mean that the



British think that we are an unfair monopolist of cotton, but rather that the association they are promoting will obviously be a benefit to Great Britain and to her trade associates throughout Europe. By gaining more widely distributed sources of cotton supply, mill operators and cotton fabric consumers will be in a measure protected against wide fluctuations in prices and in available stocks of raw cotton.

In the United States there is great satisfaction with the manner in which the British agent for the Manchester mills handles the advance crop. In the spring, he deposits his funds in the local banks. The cotton grower, even before his seed is in the ground, may then obtain credit from these banks on his contracts with the British agent.

If these means were not employed, the producer would be severely handicapped by limited credit and high interest rates. The practical value of this plan for both parties can clearly be seen. The agent is assured of a supply of cotton for his Manchester mills, while the farmer knows that he has a ready market for his crop and, also, means wherewith to support himself until the crop shall be harvested and marketed.

This harmonious cooperation in the growing,



financing and marketing of the cotton crop is a force in creating and maintaining a feeling of confidence and understanding between the two countries, which cannot but have a direct and compelling political effect.

As an index of the comparative magnitude and importance of our cotton production and the place it may be expected to hold in our trade with Great Britain a few observations may be made on the situation in other cotton producing countries. The production for 1925 was as follows:

United States . . . . .	16,000,000 bales
China (approximately)	2,000,000 bales
Egypt (approximately)	1,500,000 bales
South America . . . . .	900,000 bales
Africa (except Egypt).	250,000 bales

India, for which I have not the available figures for 1925, grows the next largest crop to that of the United States, but, although the production has increased and is increasing, it is almost entirely absorbed by her own mills and her own increasing population. India can therefore be disregarded for the purposes of this study.

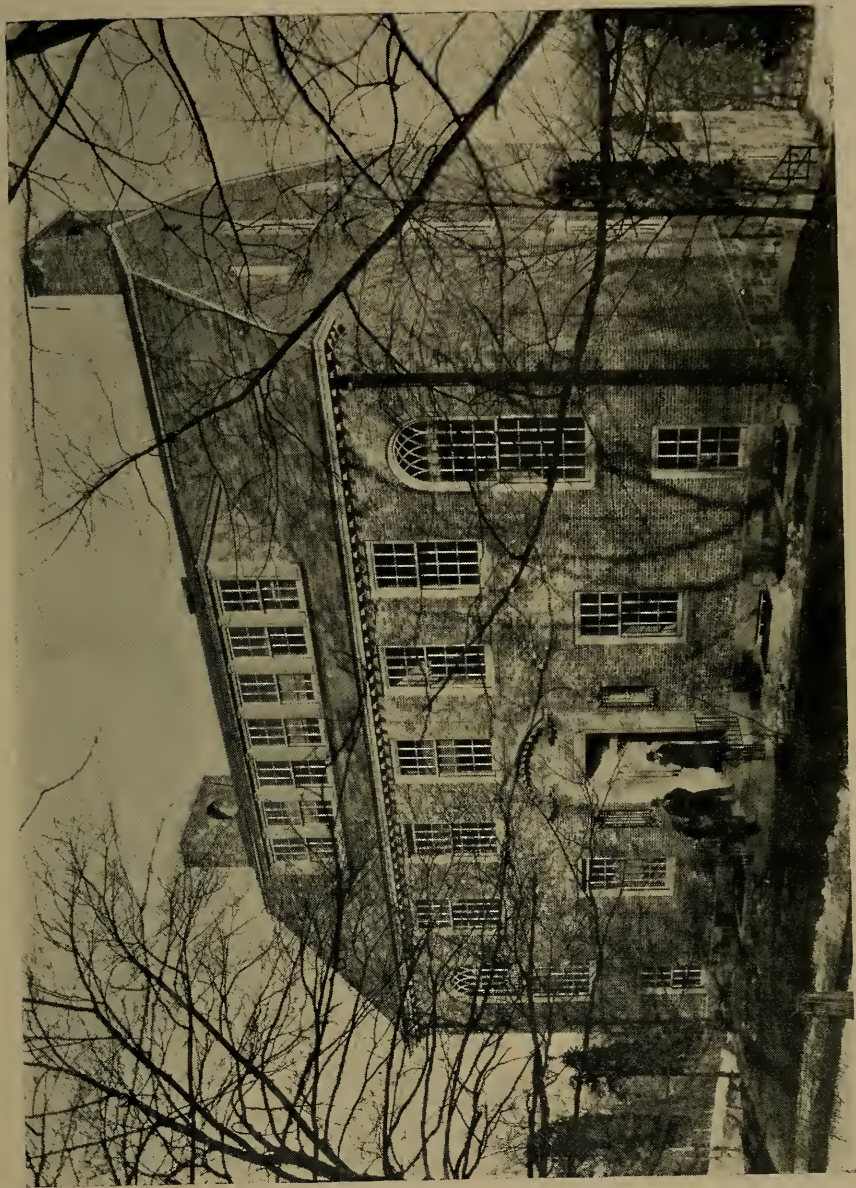
Turning then to China; although she pro-

duces quantities of cotton, this production has not yet reached the point where she can meet the needs of her four hundred million population and have a surplus for export.

It is worthy of note that Egypt, the next on our list, while an importer of a large amount of cotton goods, is an exporter of a particularly fine grade of cotton, which neither the United States nor any other country would wish to see curtailed in supply.

As to the production of other countries, it is not likely to increase any faster than particular domestic demand increases.

Since the world market for cotton is limited by the present lack of purchasing power of the poorer countries, the indications are that the world's consumption may increase so much that even greater quantities could profitably be raised in this country, and it is easy to see that the United States, for a number of decades to come, can continue to find a demand in the mills of the British Empire for as much cotton, at least, as it is producing at the present time, and that Great Britain will wish to remain on good business and political terms with the country which supplies cotton. We, of course, shall wish to remain on such terms with her.



HOPKINS GRAMMAR SCHOOL, NEW HAVEN, CONN.

And now, having seen how the British are dependent upon America for their cotton supply, we will see the American dependence upon England for rubber. This is a slightly more difficult and complicated subject.

For a long time the supply of the world's rubber came from Brazil. During that period the price sometimes reached the astonishing figure of four dollars a pound. After that came the introduction of the automobile and it became imperative to have a far cheaper supply of rubber. Then a lone Britisher conceived a daring plan. He saw that the new automobile industry might go to ruin prematurely unless a supply could be assured for the future. Therefore he smuggled some rubber seed out of Brazil into England, where it was developed and eventually established in Malaya. In this development America had no part.

In 1921, when rubber production was at or near its peak, there came a sudden slowing down in the automobile industry. When this happened the planters at Malaya realized that a slump was imminent, and in their interest, the British government devised the Stevenson Act, restricting exportation of rubber from British plantations. Before this Act was passed, a



five years' supply was offered to our manufacturers at thirty-five cents a pound. They refused it, thinking that they could get it cheaper eventually.

The Stevenson Act was designed to be an emergency measure, to save the growers from disaster, and *not* to exact too high prices. There has been much talk, and much solicitude has been expressed over the injurious effects on international commercial relations of such restrictive schemes. Protest against the restrictions, while to our immediate interest, tends to establish a sound basis of commercial relations and to remove any danger or threat to international relationships and good-will.

There can be no thought that the Act was designed for the purpose of injuring us. It is obvious that we cannot serve the cause of international good-will and coöperation by saying that a measure designed as a means to save a threatened national industry is a trade war on us: whatever the reactions of the Stevenson Act, such was not its purpose. One of these reactions, and a healthy one, has been to make immediately apparent the extent to which America is dependent upon British rubber. However, by invoking a feeling of accommodation and

coöperation, and establishing proper principles of commerce based on firm political relations between the two nations we can be assured of a sufficient supply of British rubber.

As further emphasizing the way in which friendly political and commercial negotiations have been invoked to solve trade difficulties we will take up briefly the situation as to another commodity on which America is becoming largely dependent upon the British Dominion of Canada, *i.e.*, news print and pulp for news print.

For the last few decades labor has risen to such a degree that newsprint paper is more economically produced in Canada, with its cheaper labor, abundance of forests and wealth of water power, than in this country.

A short time ago the duty on Canadian paper exports was lifted and the result of this was a majority exportation of the Canadian paper production to this country. Canada, in consequence, considered laws calculated to protect her own forest reserves from the exploitation and waste which our own have suffered, and though the effect of these laws would have been to increase the cost of Canadian news print to American consumers, nevertheless, through dis-



cussion and negotiation, a better understanding has been reached, and there is no thought of reprisals or of any charge of unfairness.

To make a few observations on the more or less parallel situation between cotton, rubber and news print, it may be pointed out: that Great Britain, the world's largest manufacturer, is almost wholly dependent for raw cotton on the United States, which produces nearly three-fourths of the world's cotton supply; that the United States, using about seventy per cent of the world's rubber output, is almost entirely dependent upon Great Britain, which produces seventy-two per cent of raw rubber; that in turn, the United States, importing about fifty per cent of its news print in one form or another, is largely dependent for its import upon a British Dominion. These supplies are vital elements in the industries of both countries both as exports and imports. Trade questions have arisen over and over again. Great Britain has established an association for the promotion of cotton growing in the colonies; our business men have taken and are planning various steps to make themselves, in a measure, independent of the British rubber market and better to stabilize rubber prices.

Paper manufacturers in this country have sought legislative action to better their situation, yet, in the long run, the questions that have arisen have, through discussion, consideration and the desire to coöperate, apparently conduced to a better understanding and a firmer ultimate friendship.

However, how should this be otherwise? The thoughtful man of business must realize that international trade and commerce are integral parts of his activities. He perhaps does not always fully realize this in times of peace, but when war comes, he realizes, and the nation realizes, how much of prosperity and so-called self-sufficiency relies upon trade to carry out its orderly and appointed functions.

For this reason, if for no other, we must and should will to have sound political relations with the British Empire. If we wish to be a prosperous nation we must lay partisanship aside, and in its place set up high standards of international trade and commerce, made firm by political good feeling. Reason and experience both show that this cannot be better done than by having the two great English-speaking peoples continue on the road which for so long they have honorably trod together.





JAMES R. AGEE

## THE ESSAY AWARDED THIRD PRIZE

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LET us suppose that, in some foreign country, there are discovered great resources, for the possession of which the civilized world is jealous. To that country flock representatives of great commercial combines. There begins a ticklish period of dodge, duck and intricate finesse. The financier is on foreign ground. He must walk with care; at any moment he must be able to depend upon the support and protection of his government. Almost inevitably he incurs the distrust of the natives and a certain lack of cordiality among his rivals. The time comes when a certain combine seems to overstep its mark; when either natives become belligerent or rivals appeal to their respective governments. Then it is that politics play their part in international commerce.

There are other roads, all leading, after more or less meandering, to the same goal: political

relations. Of two worth discussion, let us take the first, the more indirect.

Once a month, in a Calcutta street, under the auspices of the British government, there is a public auction of opium. Of this opium a goodly portion is consumed in the Orient, but an alarming bulk of the drug crosses the Pacific. Along the Californian coast it filters through; much survives the stinking small dens of San Francisco. Eastward it creeps, slowly diminishing as morsels of it are left in drug stores, in the hands of unreliable doctors, in the pink palms of negroes growing rich. When it has reached the Atlantic the quantity has dwindled to a mere pipeful, but higher and more high behind loom the Dope Statistics. A sickish stench tickles the nostrils of the American citizen, and statistics stare disgustingly from the newspaper.

This matter of opium has only begun to stir the fringes of public opinion. But, although public opinion is, in America, a notoriously slow way of provoking political activity, it is nevertheless a notoriously sure one.

The other road is well-traveled, more direct, and no less inevitably provocative of political relations. When various nations produce com-



modities of divers qualities and prices, it often happens that a foreign merchant can undersell a domestic product, and give better value into the bargain. To protect the home merchant, the government will then levy a tariff, high enough to tip the scales in favor of the domestic producer. Now, every State wishes, by fair means or foul, to induce all other states to admit its chief products, either free of duty or with a tariff sufficiently low to insure a profitable sale. The wish to provide for oneself as well as possible is a part of national as well as of human nature. Unfortunately, it is fully as much a part of "national nature" that moves the undersold State to keep its tariff high enough to give its own producers an advantage. Tariffs have been the subject of innumerable Anglo-American negotiations, which result in commercial treaties.

Now that we have seen in what ways trade and commerce lead to political relations, let us examine one or two cases in American history in which Anglo-American political relations were, to a degree, strained, as a direct result of trade and commerce.

In 1860 the exports of New Orleans outstripped in value the combined exports of New

York, Baltimore, Philadelphia and Boston, and the eleven states which were to form the Confederacy more than outbalanced the North in contributing material for export. Now, England relied upon the South for her cotton. Accordingly, when the Southern states failed to break through the Northern blockade and sell their cotton abroad, England helped them to build swift ships with which to harass Federal trade. Until the Proclamation of Emancipation, her sympathies were entirely with the Confederacy.

Somewhat more obscure, but worthy of mention if for its typicalness alone, was the dispute over a seal fishery, starting in 1886 with the seizure by America of three Canadian vessels, whose crews had been catching seals. Great Britain objected, on the ground that America had no right to exercise such power outside her three mile limit. By order of President Cleveland, the ships were released, but before long more were seized. America said that, since she owned the seals, the seizure was justified. After some exchange of disagreements, the affair was settled by arbitration in Paris.

In the past, trade has been to America a matter of rather casual concern. While there were, undeniably, political relations provoked by international trade, they were generally as necessary to trade as traffic laws to a city, and not much more influential in world affairs. Rarely did the spheres of commerce and politics clash with alarming discord. However, America is now beginning a period of international commercial activity and importance so great as to make insignificant references to the past, as to make futile the attempt to draw conclusions from that past.

During the nineteenth century, America kept more or less to herself. That century was spent in building up the nation, and during that time the resources the country held satisfied her needs. She saw little need for searching foreign lands for her necessities, for her necessities were few; she saw less for furnishing the world outside with her own rich possessions. For a long time, although America's population and wealth increased, her foreign trade was almost at a standstill. In proportion to the greatness of her population and internal trade, her share in the world's commerce became ridiculously small. Add to this the consideration of her great in-

ternal resources, for which the rest of the world was jealous, and the increasing demand of her inhabitants for commodities which she herself did not produce, and it may with little difficulty be realized that inevitably America's trade with other nations was eventually to grow. The World War hastened this growth. During the struggle, America was forced to pour forth her resources and riches. As from the miraculous pitcher of mythology, the flow continues. But the mystery of the perpetual fullness of the pitcher is quite clear to us as we see export return as import, in a continuous circle. At present, the value of Britain's trade is a little less than in 1913, while, in the same period, America's share in international commerce has increased thirty per cent, and now forms a seventh part of that of the world.

Moreover, the government takes an unprecedented interest in the promotion of international trade. The United States Department of Commerce, or, as it has been known since 1912, the Bureau of Foreign and Domestic Commerce, has, at home and abroad, a corps of experts to garner facts relating in any way to international business. Some are experts in economics, some in commercial law. Others delve into the his-



GROUP OF BUILDINGS, THE PHILLIPS EXETER ACADEMY, EXETER, N. H.



tory, the geography, and even the racial psychology of foreign countries. Everything that conceivably influences the commercial contacts of nations this Bureau tabulates, and puts into the hands of all who need the information. All over the world the activities of governmental trade agents are joined to those of American business.

With her gigantic internal resources, with the powerful impetus gained during and since the World War, with the far-sighted and intense interest of her government in her commercial welfare, with the most efficient Department of Commerce that has, perhaps, ever existed, America steps forward as the commercial rival of Great Britain.

This rivalry is sure to prove politically important. For, as civilization progresses, the needs of the states farthest advanced become increasingly complex. For all America's famously vast resources, there are, according to a recent Congressional investigation, some seventy vital commodities which the United States does not produce in quantities sufficient to fulfill its needs. In her infancy, America found herself practically self-sufficient commercially; now, in the gaping voracious years



of adolescence, a more powerful control of international trade has become positively essential to her existence. As has been mentioned above, the reasons for the lukewarmness of America's commercial-political contacts have been the unimportance of foreign trade to her well-being, and her government's indifference toward trade. Now that politics and commerce are becoming so intricately interlocked, however, who can prophesy how hugely important the results may well be?

At present the duel over the acquisition of oil-producing territory would be a rivalry significant and pregnant with danger, but for the existence of certain safeguards that make friction most improbable.

First, when by the Webster-Pomerene Act in 1918, America, in the interests of her foreign trade, legalized the organization of trusts in foreign countries, and permitted those trusts to take over the stock of other companies, she did an unfortunate and foolish thing. She should have remembered that disputes were inevitable; that inevitably, too, the trusts would complain to her. And she should have realized that in this case, whatever way she should turn, she would meet discomforting cold stares. The

American public has scant love for trusts. That public charges that they enjoy special legislative favor through high protective tariffs; that to get such favor they corrupt politics by resorting to bribery, by financing campaigns. Recently the country was agog with a scandal in which politics and trusts were all too closely tangled; now suspicious eyes are levelled at the politician. Whatever its private feelings, therefore, no political party can afford to appear at all in sympathy with "big business." Consequently, although every conceivable aid is given the merchant and financier as long as relations are pleasant, the moment an appeal is made to the United States Government to intervene in a quarrel, to smooth over a grievance, that Government is cautious.

Second, this reluctance on the part of the Government to intercede in behalf of trusts insures the genuineness, indeed the urgency, of what occasional complaints are made.

Finally, the British Government has a full and fine understanding of America's predicament. Since the undesirable features of trusts have not made themselves so obnoxiously manifest in Great Britain as in America, public opinion has not been so violently aroused there

as here. Despite this, the sympathy of the British Government suggests the sympathy of experience.

It seems plausible, to say the least, that this situation will solve all disputes as long as the trustees—or the political aversion for trusts—shall last. It seems possible that a tremendous web of trusts is to be spun about the globe, and that the spinning has just begun. Even at best, however, one cannot but recognize the transience of such a solution. Inevitably, in the expansion of America's international trade, in the increasing importance of trade to the existence of each nation, the control of the countries will quite properly fall into the hands of the financiers and merchants. When this happens all the old dislike of the trust will automatically cease. With it will cease the temporary safeguards I have mentioned. The kaleidoscopic shifting of commercial centers, of business methods, of national and political prejudices, will supply other such safeguards, none more enduring than the first. One thing alone is fundamental and lasting: the rivalry of two great nations whose commercial welfare means life to each.

When two countries find it necessary to seek a commodity in a land foreign to both, unless

they have the assurance of a sufficient supply, the time is sure to come when decisive action, peaceful, or hostile if need be, will result. The irregular distribution of certain indispensable raw materials throughout foreign countries might, therefore, be well called the sowing of the seeds either of Anglo-American war or of complete Anglo-American cooperation.

We have already discussed our temporary safeguard against war; in the future, what is to be the ultimate solution? Will it be one of peace? *Can* it be one of war?

The outcome of wars of the future—should such wars arise—would depend largely upon the effective manipulation of great industrial and trade systems, upon the strategic possession of certain raw materials. The importance of trade and commerce in the future was faintly foreshadowed by the potent part economic undercurrents played in the World War. Germany was able to keep her people in rations, and that was all. The Allies controlled the materials necessary to her military power, and that power was much weakened. If the business of nations is to play so important a part in future war, the first impulse of each nation would be to form a sort of Commercial Arma-

ment—an absolute monopoly of materials—so powerful as to frighten other nations into submission. A prepossessing array of battleships and a superabundance of guns has in the past met with no great success; to try to apply the same tactics to trade and commerce, that is, to discontinue commercial relations with a rival, would at a time when a free flux of international trade would be eminently necessary, amount to self-strangulation.

Every State wishes to turn to the fullest account its own powers of production. As, with the progress of civilization, the countries become more and more commercially interdependent, and the need for an exchange of products is continually increasing, the dovetailing demands of English producer and American consumer (or vice versa), naturally lead the two nations to desire the maintenance of good relations with each other. When a quarrel arises between two intertrading countries, or even between the satellite lands from which they get their commodities, especially if that quarrel threatens war, the exporting merchants see danger to their sales abroad; on the other hand, the importers foresee difficulty in receiving a sufficient supply of whatever is valuable

to them. All, therefore, exporters and importers, capitalists, the presidents of trusts—all who have become the life-blood of the nation—have great interest in urging their respective governments to quiet the dispute before it becomes generally known; before the ill-feeling reaches the pitch at which the world of international finance takes alarm, stocks begin to fall, and stockholders recklessly get rid of shares, with consequent ruin both to capitalist and to country. Thus the means of settling disputes are narrowed to one solution alone; through arbitration.

It seems reasonable, then, to believe that in the expansion of international trade and commerce is found a most powerful guarantee of eventual perfect understanding and cooperation between England and the United States. In the past, for all their elaborate exchange of courtesies, for all the frequent stress laid upon their oneness in blood, language and civilization, the two countries have never really known each other. America is to England a beefy, sentimental and puppyish money-grabber; to the American, England is a slim, emotionless, grey-clad and Galsworthian figure. Despite the efforts of diplomats from both nations, our for-

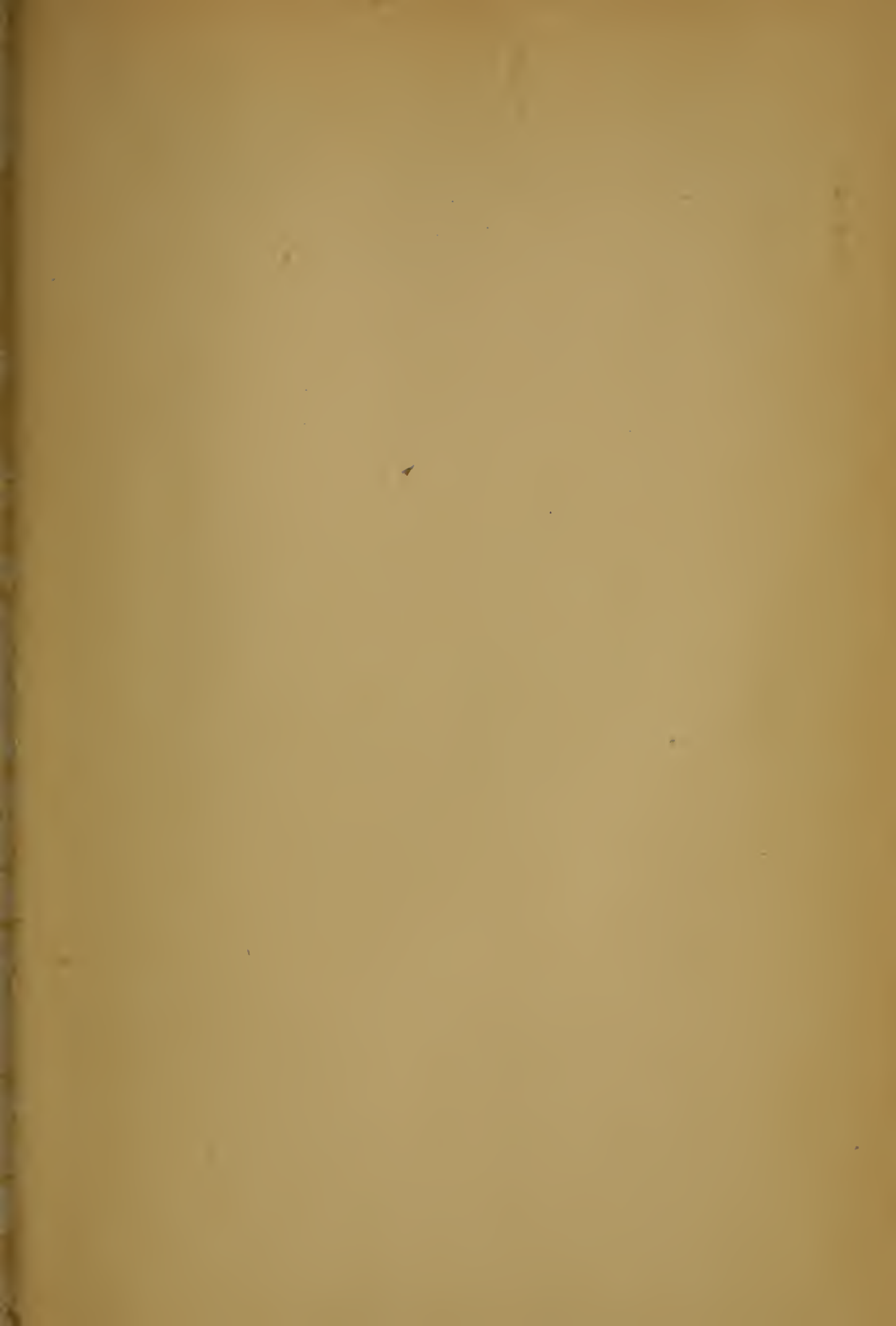


mer political relations have failed to dispel this illusion. Now, however, the nations are to be driven into cooperation by the fact that their entire civilization is becoming upborne by a gigantic and intricate structure of international commerce. Whether or not this coöperation is begrudgingly entered into, it seems a certainty that a few years will bring warm friendship. A man may, intentionally or no, successfully disguise his true character in every facet of his life except one: in his business dealings he is sure to show himself in his true light. This truth is applicable to nations as well as to men. In political relations whose source is a common interest in international trade and commerce, therefore, the True England and the True America will lie bare, and the two States cannot but realize how vital, how excellent, how identical, are the many national characteristics they share.















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